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8 **UNITED STATES DISTRICT COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION**
10

11 National Association of African-
American Owned Media, a California
12 limited liability company; and
Entertainment Studios Networks, Inc., a
13 California corporation,

14 Plaintiffs,

15 v.

16 Comcast Corporation, a Pennsylvania
corporation; Time Warner Cable Inc., a
17 Delaware corporation; National
Association for the Advancement of
18 Colored People, a New York
corporation; National Urban League,
19 Inc., a New York corporation; Al
Sharpton, an individual; National
20 Action Network, Inc., a New York
corporation; Meredith Attwell Baker, an
21 individual; and DOES 1 through 10,
inclusive,

22 Defendants.
23
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CASE NO. 2:15-cv-01239

COMPLAINT FOR:

**1) RACIAL DISCRIMINATION IN
VIOLATION OF 42 U.S.C. § 1981;
AND**

**2) CONSPIRACY TO VIOLATE 42
U.S.C. § 1981;**

**AND FOR DAMAGES AND
INJUNCTIVE RELIEF**

DEMAND FOR JURY TRIAL

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1 Plaintiffs National Association of African-American Owned Media
 2 (“NAAAOM”) and Entertainment Studios Networks, Inc. (“Entertainment Studios”)
 3 allege against Defendants Comcast Corporation (“Comcast”), Time Warner Cable,
 4 Inc. (“Time Warner Cable”), National Association for the Advancement of Colored
 5 People (“NAACP”), National Urban League, Inc. (“National Urban League”),
 6 Reverend Al Sharpton (“Sharpton”), National Action Network, Inc. (“National
 7 Action Network”), Meredith Attwell Baker; and DOES 1 through 10, inclusive,
 8 (collectively, “Defendants”) as follows:

9 **INTRODUCTION**

10 1. This case is about racial discrimination in the contracting process by
 11 Defendants Comcast and Time Warner Cable—the two largest cable television
 12 companies in the United States—against 100% African American–owned media.
 13 These companies are preparing to merge into what will be the largest pay-television
 14 distributor in the United States.

15 2. Plaintiff Entertainment Studios is a 100% African American–owned
 16 media company involved in the production and distribution of television
 17 programming through broadcast television, its seven cable television channels, and
 18 its subscription-based internet service. It is the only 100% African American–
 19 owned video programming producer and multi-channel operator/owner in the
 20 United States, and is a victim of this racial discrimination by Comcast and Time
 21 Warner Cable.

22 3. African Americans comprise 13% of the U.S. population and represent
 23 more than \$1 trillion in consumer spending power. Both Comcast and Time Warner
 24 Cable profit greatly by providing television service to African Americans. When
 25 combined with Time Warner Cable, Comcast would become the largest pay
 26 television distributor in the United States, with nearly one-third (1/3) of all
 27 television homes. (In fact, Comcast must divest itself of nearly 2.5 million
 28

1 customers to remain at the 30 million customer cap that the FCC will require for
2 merger approval.)

3 4. Comcast and Time Warner Cable collectively spend approximately \$25
4 billion annually for the licensing of pay-television channels and advertising of their
5 products and services (\$20 billion licensing and \$5 billion advertising), yet 100%
6 African American-owned media receives less than \$3 million per year.

7 5. In connection with its 2010 bid to acquire NBC-Universal, Comcast
8 was criticized for its refusal to do business with 100% African American-owned
9 media. In response, Comcast entered into what it termed “voluntary diversity
10 agreements,” *i.e.*, memoranda of understanding (“MOUs”), with non-media civil
11 rights groups, including the other Defendants herein: NAACP; National Urban
12 League; Al Sharpton; and Al Sharpton’s National Action Network.

13 6. Defendants NAACP, National Urban League, Al Sharpton and
14 National Action Network entered into the MOUs in order to facilitate Comcast’s
15 racist practices and policies in contracting—or, more accurately, refusing to
16 contract—with 100% African American-owned media companies. The MOUs are a
17 sham, undertaken to whitewash Comcast’s discriminatory business practices.
18 Comcast uses the MOUs to perpetuate discrimination against 100% African
19 American-owned media in contracting for channel carriage and advertising.¹

20 7. In fact, to date, the only 100% African American-owned channel
21 Comcast has agreed to broadcast is the Africa Channel, with only limited
22 distribution and channel carriage fees. But the Africa Channel is owned by Paula
23 Madison, the former Executive Vice President and Chief Diversity Officer of
24 Comcast/NBC-Universal, who was directly involved in putting together the sham

25 _____
26 ¹ A carriage agreement is a contract between a multichannel video programming
27 distributor, such as Comcast and Time Warner Cable, and a video programming
28 vendor, like Entertainment Studios, granting the distributor the right to “carry,” that
is, distribute, the programmer’s content.

1 MOUs and obtaining government approval for the Comcast acquisition of NBC
2 Universal, thus creating a serious conflict of interest. In other words, aside from a
3 channel that is owned and operated by the former Comcast/NBC-Universal
4 executive who authored the MOUs, Comcast has not launched a single 100%
5 African American–owned channel—by way of the MOUs or otherwise.

6 8. To obtain support for the NBC-Universal acquisition and for its
7 continued racist policies and practices, Comcast made large cash “donations” to the
8 non-media groups that signed the MOUs. For example, Comcast has paid Reverend
9 Al Sharpton and Sharpton’s National Action Network over \$3.8 million in
10 “donations” and as salary for the on-screen television hosting position on MSNBC
11 that Comcast awarded Sharpton in exchange for his signature on the MOUs, another
12 blatant example of conflict of interest. But Sharpton and his organization, like all of
13 the other groups that entered into the sham MOUs with Comcast, are not television
14 channel owners and do not operate in the television channel business. They do not
15 produce original television programming, or operate television channels, unlike
16 Entertainment Studios, which does both.

17 9. Ironically, as widely reported in major news outlets such as *The New*
18 *York Times*, Comcast spent millions of dollars to pay non-media civil rights groups
19 to support its acquisition of NBC-Universal, while at the same time refusing to do
20 business with 100% African-American owned media companies. These payments
21 were a ruse made with an ulterior motive: To make Comcast look like a good
22 corporate citizen while it steadfastly refused to contract with 100% African
23 American–owned channels.

24 10. With the MOUs in hand, Comcast proceeded to segregate white-owned
25 media businesses and 100% African American–owned media businesses, by
26 creating two separate paths for contracting for channel carriage: one for white-
27 owned channels (the “White Process”); and a separate, but not equal, process for
28 100% African American–owned channels (the “MOU/Minority Process”).

11. The MOU/Minority Process and the White Process are distinctly unequal. Comcast limits the number of carriage agreements it will enter into through the MOU/Minority Process and offers inferior contracting terms. By relegating 100% African American-owned media to the MOU/Minority Process, Comcast thereby affords them inferior or no contracting opportunities.

12. Comcast refuses to treat 100% African American-owned media companies, including Entertainment Studios, the same as similarly-situated white-owned media companies. Comcast has admitted that it is “impressed” by Entertainment Studios’ programming and channels, but has relegated Entertainment Studios to the MOU/Minority Process, excluding Entertainment Studios from obtaining carriage like its white counterparts.

13. Comcast has, in essence, created a “Jim Crow” process with respect to licensing channels from 100% African American-owned media. Comcast has reserved a few spaces for 100% African American-owned media in the “back of the bus” while the rest of the bus is occupied by white-owned media companies. This is the epitome of racial discrimination in contracting.

14. 100% African American-owned channels are being denied the same opportunity to contract with Comcast as white-owned channels. Comcast is intentionally treating 100% African American-owned media differently on account of race.

15. Comcast’s racial animus is also demonstrated by its own statements: On one of the many occasions when Entertainment Studios attempted to contract with Comcast, a Comcast executive told Entertainment Studios: “We’re not trying to create any more Bob Johnsons,” *i.e.*, no more pay days for Black media entrepreneurs.

16. Bob Johnson is an African American and the founder of Black Entertainment Television (“BET”), a television network targeting African American audiences. In 2001, Mr. Johnson sold BET to Viacom for \$3 billion.

1 17. Comcast refused to negotiate with Entertainment Studios because
2 Comcast did not want to create any more successful Black media entrepreneurs, like
3 Bob Johnson. Entertainment Studios has been rejected in its attempts to contract
4 with Comcast because its founder and owner, Byron Allen, is African American.

5 18. Comcast has discriminated, and is discriminating, against
6 Entertainment Studios on account of race, in violation of the Civil Rights Act of
7 1866, 42 U.S.C. § 1981. Defendants NAACP, National Urban League, Al Sharpton
8 and National Action Network conspired with Comcast to violate Entertainment
9 Studios' civil rights by entering into sham "diversity" agreements that enable
10 Comcast to perpetuate its racist policies and practices. White-owned channels are
11 not relegated to the MOU/Minority Process and are not denied carriage on account
12 of Comcast claiming that it has met its "diversity obligations" under the
13 MOU/Minority Process. The sham MOUs have perpetuated the Comcast agenda
14 whereby 100% African American-owned media companies receive less than \$3
15 million of the \$15 billion Comcast spends annually on channel carriage and
16 advertising.

17 19. Comcast has engaged in, and is engaging in, pernicious, intentional
18 racial discrimination in contracting, which is illegal under Section 1981. Section
19 1981 is broad, covering "the making, performance, modification, and termination of
20 contracts, and the enjoyment of all benefits, privileges, terms, and conditions of the
21 contractual relationship."

22 20. The "diversity" commitments Comcast made through the MOUs are
23 fraudulent. The MOUs were purportedly intended to result in the launch of so-
24 called "minority" networks. In reality, the networks Comcast has launched pursuant
25 to the MOUs are owned, controlled, and backed by white-owned media and money.
26 And Comcast still refuses to launch any 100% African American-owned media
27 channels, other than one that is owned and operated by the former Comcast/NBC-
28 Universal executive who oversaw the execution of the MOUs.

21. White-owned media in general—and Comcast in particular—has worked hand-in-hand with governmental regulators to perpetuate the exclusion of 100% African American-owned media from contracting for channel carriage and advertising. This has been done through, among other things, the use of “token fronts” and “window dressing”—African American celebrities posing as “fronts” or “owners” of so-called “Black cable channels” that are actually majority owned and controlled by white-owned businesses.

22. For example, one of the “Black channels” is actually owned by Highbridge Capital, which is run by a former Comcast executive, Payne Brown. Highbridge Capital is also a subsidiary of JP Morgan, whose Board of Directors includes Comcast’s President and COO, Steve Burke. The other “Black channel” is actually owned by Intermedia Partners, which is owned/controlled by Leo Hindery, a long-time friend of Comcast’s CEO, Brian Roberts.

23. Similarly, as one of its MOU “commitments” to the Hispanic community, Comcast launched “Baby Americas,” a non-Hispanic owned channel. Bill Burke—brother of Comcast’s President and COO, Steve Burke—is on the Board of Directors of Baby Americas, which is further evidence of Comcast’s blatant conflict of interest and an example of how Comcast uses the MOUs to conduct racial discrimination in contracting, while also benefitting insiders and family members.

24. Comcast is now proposing to acquire Time Warner Cable for \$45 billion. If this deal is approved by government regulators, it would combine the country’s two biggest cable TV operators. The combined Comcast / Time Warner Cable entity would control approximately a third of the U.S. pay-television market (*i.e.*, 30 million subscribers out of 100+ million), including 16 of the top 20 advertising markets in the country, such as New York, Los Angeles and Chicago.

25. The proposed acquisition is part of a growing national trend of media consolidation that will further concentrate racial discrimination in contracting and

1 eliminate diverse voices, contrary to the public interest and in violation of the First
2 Amendment to the U.S. Constitution.

3 26. Comcast is a major player in Washington, D.C. and has used its clout
4 and money to buy approval for its acquisitions and sweep its racist practices under
5 the rug. Comcast's chief lobbyist and executive vice president, David Cohen, is a
6 powerful political fundraiser and the mastermind behind Comcast's many conflicts
7 of interest recounted herein. Mr. Cohen has attended state dinners at the White
8 House honoring foreign dignitaries and has had President Obama as a guest in his
9 home on so many occasions that the President recently joked, "I have been here so
10 much, the only thing I haven't done in this house is have Seder dinner." Mr.
11 Cohen's boss, Comcast's Chairman, Brian Roberts, plays golf with the President
12 regularly and Comcast has raised millions of dollars for the elections of President
13 Obama.

14 27. Comcast is devious in its manipulations: It influenced and secured
15 favorable votes from government regulators—including Federal Communications
16 Commission ("FCC") commissioner Defendant Meredith Attwell Baker—for
17 approval of the Comcast/NBC-Universal transaction; and then hired Baker as a
18 highly paid executive almost immediately after the deal was approved as a result of
19 her vote. This is the very definition of conflict of interest and a blatant betrayal of
20 the public trust by a highly placed governmental regulator.

21 28. 100% African American-owned media has been shut out by Comcast.
22 Of the approximately \$11 billion in channel carriage fees that Comcast pays to
23 license television channels each year, less than \$3 million is paid to 100% African
24 American-owned media. Nor does 100% African American-owned media see
25 much, if any, of the additional, approximate \$4 billion Comcast spends each year on
26 advertising.

27 29. Outside of the Africa Channel deal, Time Warner Cable does not
28 distribute any channels that are owned and operated by 100 % African American—

1 owned media. And in the face of the pending merger between Comcast and Time
2 Warner Cable, Time Warner Cable has delegated channel carriage decision-making
3 to Comcast—“gun jumping” the consummation of the Comcast / Time Warner
4 Cable merger in violation of federal antitrust laws. Time Warner Cable has thus
5 adopted and agreed with Comcast’s racist policies and practices in connection with
6 contracting for channel carriage, including the dual paths for carriage (*i.e.* the White
7 Process vs. the MOU/Minority process).

8 30. African Americans comprise 13% of the U.S. population and represent
9 more than \$1 trillion in consumer spending power, yet 100% African American—
10 owned media companies cannot get Comcast or Time Warner Cable to distribute
11 their channels on their television systems. While Comcast and Time Warner Cable,
12 two of the world’s largest media companies, extract billions from African American
13 consumers, they refuse to contract with, and present their television subscribers
14 with, channels from 100% African American-owned media companies—including
15 Entertainment Studios. Instead, Comcast and Time Warner Cable exclude 100%
16 African American-owned media companies from contracts for channel carriage and
17 advertising.

18 28. This lawsuit is brought pursuant to § 1981 of the Civil Rights Act,
19 which provides that all persons in the United States shall have the same right to
20 make and enforce contracts as is enjoyed by white persons. Section 1981 prohibits
21 racial discrimination in contracting and applies to both non-governmental and
22 governmental discrimination.

23 29. Racial discrimination in contracting is an ongoing practice in the media
24 industry. NAAAOM seeks to eliminate this discrimination, and to obtain equality in
25 contracting for 100% African American-owned media.

26 30. As alleged herein, Entertainment Studios—a member of NAAAOM—
27 is being discriminated against on account of race in violation of 42 U.S.C. § 1981.
28 Entertainment Studios thus has standing to seek redress for such violations in its

1 own right. The interests at stake in this litigation—namely, the right of 100%
2 African American–owned media to make and enforce contracts in the same manner
3 as their white-owned counterparts—are germane to NAAAOM’s purpose. Because
4 NAAAOM seeks only injunctive relief, the individual participation of its members
5 is not required.

6 31. Defendants’ ongoing refusal to contract with Entertainment Studios
7 constitutes unlawful racial discrimination in violation of § 1981, for which
8 Entertainment Studios seeks to recover monetary damages resulting from
9 Defendants’ racial discrimination. Plaintiffs NAAAOM and Entertainment Studios
10 also seek injunctive relief prohibiting Defendants from discriminating against
11 African American–owned media companies on the basis of race in contracting for
12 channel carriage and advertising.

13 **PARTIES, JURISDICTION AND VENUE**

14 **A. Plaintiffs**

15 32. Historically, because of the lack of distribution/advertising support and
16 economic exclusion, 100% African American–owned media has been forced either
17 to (i) give away significant equity in their enterprises, (ii) pay exorbitant sums for
18 carriage, effectively bankrupting the business, or (iii) go out of business, all pushing
19 100% African American–owned media to the edge of extinction.

20 33. Plaintiff NAAAOM is a California limited liability company, with its
21 principal place of business in Los Angeles, California.

22 34. NAAAOM was created and is working to obtain for 100% African
23 American–owned media the same contracting opportunities as their white
24 counterparts for distribution, channel carriage, channel positioning and advertising
25 dollars. Its mission is to secure the economic inclusion of truly 100% African
26 American–owned media in contracting, the same as white-owned media.

27 35. Plaintiff Entertainment Studios Networks, Inc. is a California
28 corporation, with its principal place of business in Los Angeles, California.

1 Entertainment Studios is a 100% African American–owned television production
2 and distribution company. It is the only 100% African American–owned video
3 programming producer and multi-channel operator/owner in the United States.

4 36. Entertainment Studios was founded in 1993 by Byron Allen, an African
5 American actor / comedian / media entrepreneur. Allen first made his mark in the
6 television world in 1979, when he was the youngest comedian ever to appear on
7 “The Tonight Show Starring Johnny Carson.” He thereafter served as the co-host of
8 NBC’s “Real People,” one of the first reality shows on television. Alongside his
9 career “on-screen,” Allen developed a keen understanding of the “behind the
10 scenes” television business, and over the past 22+ years he has built Entertainment
11 Studios into a successful, independent media company.

12 37. Entertainment Studios has carriage contracts with more than 40
13 television distributors nationwide, including major distributors such as Verizon,
14 Century Link, and RCN. These television distributors broadcast Entertainment
15 Studios’ networks to their combined 7.5 million subscribers.

16 38. Entertainment Studios owns and operates seven, high definition
17 television networks (channels), six of which were launched to the public in 2009 and
18 one in 2012. Entertainment Studios produces, owns, and distributes over 32
19 television series on broadcast television, with thousands of hours of video
20 programming in its library. Entertainment Studios’ shows have been nominated for,
21 and won, the Emmy award. A copy of an Entertainment Studios promotional
22 presentation highlighting key aspects of the company and the programming it
23 produces is attached hereto as **Exhibit A**.

24 39. In December 2012, Entertainment Studios launched “Justice Central,” a
25 24-hour, high definition court/informational channel featuring several Emmy-
26 nominated and Emmy-award winning legal/court shows. After just two years,
27 Justice Central has already proved itself a successful, high-demand channel. Justice
28

1 Central has boasted tremendous ratings growth across key television viewing
2 periods and demographics.

3 **B. Defendants**

4 40. Comcast Corporation is a Pennsylvania corporation, with its principal
5 place of business in Philadelphia, Pennsylvania. Comcast also has an office, is
6 registered to do business and operates in Los Angeles, California.

7 41. Time Warner Cable, Inc. is a Delaware corporation, with its principal
8 place of business in New York, New York. Time Warner Cable also has an office,
9 is registered to do business and operates in Los Angeles, California.

10 42. National Association for the Advancement of Colored People
11 (“NAACP”) is a New York not-for-profit corporation, with national headquarters in
12 Baltimore, Maryland. NAACP also has a regional branch that has an office and
13 operates in Los Angeles, California.

14 43. National Urban League, Inc. is a New York not-for-profit corporation,
15 with its principal place of business in New York, New York. National Urban
16 League also has a regional affiliate that has an office, is registered to do business
17 and operates in Los Angeles, California.

18 44. Reverend Al Sharpton is an individual residing in New York, New
19 York. Sharpton is the founder and President of Defendant National Action
20 Network, Inc.

21 45. National Action Network, Inc. is a New York not-for-profit
22 corporation, with its principal place of business in Harlem, New York. National
23 Action Network also has a regional chapter that has an office, is registered to do
24 business and operates in Los Angeles, California.

25 46. Meredith Attwell Baker is a former FCC Commissioner and is an
26 individual residing in Washington, D.C.

27 47. Plaintiffs are informed and believe, and on that basis allege, that
28 Defendants DOES 1 through 10, inclusive, are individually and/or jointly liable to

1 Plaintiffs for the wrongs alleged herein. The true names and capacities, whether
 2 individual, corporate, associate or otherwise, of Defendants DOES 1 through 10,
 3 inclusive, are unknown to Plaintiffs at this time. Accordingly, Plaintiffs sue
 4 Defendants DOES 1 through 10, inclusive, by fictitious names and will amend this
 5 Complaint to allege their true names and capacities after they are ascertained.

6 **C. Jurisdiction & Venue**

7 48. This case is brought under a federal statute, Section 1981 of the Civil
 8 Rights Act; as such, there is federal question jurisdiction under 28 U.S.C. § 1331.
 9 Venue of this action is proper in Los Angeles because Defendants reside in this
 10 district, as defined in 28 U.S.C. § 1391; and the acts in dispute were committed in
 11 this district.

12 **FACTS**

13 **A. Racial Discrimination In Contracting**

14 49. Comcast is a global media giant. It owns NBC Television, Universal
 15 Pictures, Universal Studios, multiple (approximately 30) pay television channels
 16 (e.g., USA Network, Bravo Network, E! Network, etc.), and it is the largest cable
 17 company and internet service provider to consumers in the United States. Comcast
 18 provides subscription television services to approximately 22 million subscribers—
 19 more than any other cable television distributor in the United States.

20 50. Comcast collects billions of dollars from its television subscribers
 21 annually. A substantial portion comes from African American consumers.

22 51. Racial discrimination in contracting is an ongoing practice in the media
 23 industry with far-reaching adverse consequences. It effectively excludes 100%
 24 African American-owned media companies and African American individuals, and
 25 their diverse viewpoints, from the public airwaves, which is distinctly not in the
 26 public interest.

27 52. 100% African American-owned media has been shut out from doing
 28 business with Comcast despite significant efforts to do so. Like many other 100%

1 African American–owned channels that have tried to secure cable carriage during
2 Comcast’s 50+ year history, Entertainment Studios has had multiple meetings for
3 channel carriage with Comcast but, like all of the others, to no avail.

4 53. In the more than six years Entertainment Studios has been reaching out
5 to Comcast for carriage, Comcast has given Entertainment Studios the false
6 impression that its channels are on Comcast’s “short list,” and provides a variety of
7 different excuses for its refusal to carry any of Entertainment Studios’ channels.
8 Comcast has been playing a game of “whack-a-mole” with Entertainment Studios—
9 each time Entertainment Studios jumps a pretextual hurdle created by Comcast (*e.g.*,
10 Comcast executive, Jennifer Gaiski, required Entertainment Studios to present
11 empirical data and secure support “in the field” so that she could present such
12 material to Comcast senior management, Greg Rigdon and Neil Smit), Comcast
13 replaces it with a new obstacle. Although Entertainment Studios has complied with
14 each of Comcast’s demands, Comcast still refuses to launch any 100% African
15 American–owned channels, including Entertainment Studios’ channels.

16 54. For example, despite the demonstrated success of Entertainment
17 Studios’ Justice Central on their competitors’ television platforms, both Comcast
18 and Time Warner Cable (at the order of Comcast) refuse to license Justice Central
19 for carriage on their television platforms. Justice Central’s double- to triple-digit
20 ratings growth outperformed the vast majority of networks that Comcast and Time
21 Warner Cable pay substantial license fees to carry. Indeed, between the first quarter
22 of 2013 and the fourth quarter of 2014, Justice Central boasted huge ratings growth
23 on AT&T’s television platform, as follows:

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Justice Central – AT&T U-Verse Ratings Growth

<u>Daypart:</u>	<u>Air Time:</u>	<u>% Growth 1st Qtr. 2013 to 4th Qtr. 2014:</u>
Early Fringe	4-7pm	+38%
Prime Access	7-8pm	+21%
Prime	8-11pm	+53%
Late Fringe	11pm-2am	+552%
Overnight	2-6am	+295%

55. Of the approximately \$10 billion in content fees that Comcast pays to license channels and advertise each year, less than \$3 million is paid to 100% African American–owned media. Even the token payments Comcast makes to 100% African American–owned media companies are a charade. Comcast pays minimal amounts to license and distribute the Africa Channel, which is owned and operated by a former Comcast/NBC-Universal executive/insider and one of the architects of the MOUs Comcast uses to perpetuate its racial discrimination in contracting.

56. Time Warner Cable likewise discriminates against 100 % African American–owned media. Following the announcement of the Comcast / Time Warner Cable merger, in May 2014, a Time Warner Cable board member told Entertainment Studios that any channels to be launched on Time Warner Cable’s television platforms needed to be expressly approved by Comcast’s David Cohen—such conduct constitutes “gun jumping” in violation of federal antitrust law. In other words, Time Warner Cable has delegated channel carriage decision-making authority to Comcast and has adopted and agreed with Comcast’s racist policies and practices in contracting for carriage, including the dual paths to carriage (*i.e.*, the White Process and the MOU / Minority Process).

57. Comcast programming executive, Jennifer Gaiski, asked Entertainment Studios who it was in discussions with at Time Warner Cable about launching its

1 channels. Soon after Entertainment Studios disclosed that it had advanced
 2 negotiations with Time Warner Cable executive, Melinda Witmer (who was
 3 presenting Entertainment Studios' information to Time Warner Cable President and
 4 COO, Robert Marcus), Entertainment Studios' channel launch opportunity was shut
 5 down by Time Warner Cable under orders from Comcast. Based on Comcast's
 6 instructions, Entertainment Studios has not heard anything further from Time
 7 Warner Cable.

8 58. By virtue of this exclusion by both Comcast and Time Warner Cable,
 9 100% African American ownership in mainstream media is nearly extinct; and this
 10 exclusion is self-perpetuating.

11 **B. The MOUs Are Fraudulent Shams**

12 59. In collusion with the FCC and non-media civil rights advocacy groups,
 13 Comcast has manipulated ways to perpetuate its exclusion of 100% African
 14 American-owned channels.

15 60. In 2010, Comcast announced plans to merge with NBC-Universal.
 16 Opponents of the merger voiced concerns about the lack of diversity in Comcast's
 17 channel offering; Comcast did not distribute any channels owned by 100% African
 18 American-owned media companies.

19 61. As with the pending Comcast / Time Warner Cable merger, the
 20 Comcast/NBC-Universal merger was subject to regulatory approval by the FCC and
 21 the Department of Justice. Comcast's racist practices and policies jeopardized the
 22 approval of the NBC-Universal acquisition.

23 62. As has been well documented in the media, in order to gain approval of
 24 its acquisition of NBC-Universal, Comcast "stacked the deck." It colluded with
 25 government regulators and conspired with and paid off non-media civil rights
 26 groups in order to secure their compensated support and silence its critics.

27 63. Just 90 days after the FCC approved the Comcast/NBC-Universal
 28 transaction, Meredith Attwell Baker, one of only three FCC commissioners who had

1 voted in favor of the merger, was hired as a Senior Vice President at Comcast.
2 Comcast rewarded this helpful government regulator with an executive position and
3 a substantially higher salary after she used her power at the FCC to Comcast's
4 benefit. This executive position and compensation package clearly would not have
5 been granted by Comcast had Ms. Baker voted against the merger. This is another
6 blatant and horrific conflict of interest and betrayal of the public trust.

7 64. Comcast has given millions in monetary "contributions" to various
8 minority special interest groups in order to "buy" support for its expansion.
9 Comcast "donated" funds to at least 54 different groups that went on publicly to
10 endorse the Comcast/NBC-Universal deal by sending Comcast-authored letters to
11 the FCC or by entering into fraudulent, sham MOUs with Comcast.

12 65. The MOUs were given the appearance of legitimacy because they were
13 approved by minority interest groups—NAACP, National Urban League, and Al
14 Sharpton's National Action Network, none of which own or operate any television
15 channels, and all of which accepted large donations/pay-offs for their signatures.
16 This is another blatant and horrific conflict of interest and betrayal of the public's
17 trust.

18 66. Each of the signatories to the MOU between Comcast and the "African
19 American Leadership Organizations" were paid by Comcast in the time leading up
20 to the Comcast/NBC-Universal deal. Comcast paid \$30,000 to the NAACP,
21 \$835,000 to the National Urban League, and \$140,000 to Al Sharpton's National
22 Action Network. Comcast also paid hundreds of thousands of dollars to the
23 National Urban League's various regional affiliates. This is yet another blatant
24 conflict of interest and betrayal of the public trust.

25 67. In addition to its payments to Al Sharpton's National Action Network,
26 Comcast gave Al Sharpton a prime-time television series with Sharpton as host on
27 Comcast's MSNBC, for which Sharpton has been paid approximately \$750,000 per
28 year according to public records. Despite the notoriously low ratings that

1 Sharpton's show generates, Comcast has allowed Sharpton to maintain his hosting
2 position for more than three years in exchange for Sharpton's continued public
3 support for Comcast on issues of diversity.

4 68. Sharpton has a business model and track record of obtaining payments
5 from corporate entities in exchange for his support. Sharpton is a vocal member of
6 the African-American community whose public support can be secured for a price.
7 The National Legal & Policy Center has stated that Sharpton "specializes in
8 shakedowns" of corporations—either they "contribute" thousands of dollars to
9 Sharpton's National Action Network or risk losing Sharpton's support and influence
10 in the African-American community. Sharpton has even gone so far as to organize
11 boycotts and protests against companies unless and until those companies make
12 monetary contributions to his National Action Network; but once the money comes
13 in, the protests cease.

14 69. Comcast paid Sharpton so that he would publicly endorse the NBC-
15 Universal deal and divert attention away from Comcast's racial discrimination in
16 contracting. In exchange, Sharpton's National Action Network and other non-media
17 minority interest groups supported Comcast before the FCC with very little
18 understanding about the merger they were supporting or expertise in the media
19 business.

20 70. In exchange for these payouts and other favors, Defendants NAACP,
21 National Urban League, Al Sharpton and his National Action Network agreed to
22 enter into sham "diversity agreements"—MOUs—for the purpose of facilitating
23 Comcast's racial discrimination in contracting. Defendants NAACP, National
24 Urban League, and Al Sharpton's National Action Network signed onto the MOUs
25 with Comcast knowing—and agreeing—that Comcast would use the MOUs to
26 perpetuate civil rights violations against 100% African American-owned media
27 companies, including Entertainment Studios.

28

1 71. Pursuant to the fraudulent MOUs, Comcast purportedly agreed to
2 enhance its programming diversity by increasing the number of minority-owned
3 networks it distributes. In reality, the MOUs are a smokescreen for Comcast's
4 racially discriminatory business practices including, specifically, its refusal to
5 contract for channel carriage or advertising with 100% African American-owned
6 media.

7 72. NAACP, National Urban League, Sharpton, and National Action
8 Network knew (and agreed) that Comcast would use the MOUs as a vehicle to
9 perpetuate its racial discrimination in contracting. In particular, Defendants entered
10 into the MOUs knowing that by doing so, Entertainment Studios, and other 100%
11 100% African American-owned media companies, would be shut out from
12 contracting with Comcast for carriage.

13 73. In light of the widespread concerns about Comcast's failure to do
14 business with African American-owned media companies, Comcast had a problem.
15 The sham MOUs solved it: Through the MOUs, Comcast purportedly agreed to
16 enter into carriage agreements with minority-owned media companies, but the
17 channels that were ultimately launched were fronts and were not truly 100% African
18 American owned.

19 74. Without the MOUs, Comcast would have had to actually do business
20 with 100% African American-owned media companies in order to persuade the
21 government to approve its merger with NBC-Universal. And without wielding the
22 MOUs, Comcast would have had no other way to legitimize its racist practices, and
23 would instead have to contract in good faith with 100% African American-owned
24 media companies, such as Entertainment Studios.

25 75. Entertainment Studios' programming has proved popular among
26 viewers, and even has garnered Emmy nominations and wins. Entertainment
27 Studios sells its channels to dozens of other programming distributors and television
28 stations, which distribute Entertainment Studios' channels to more than 7.5 million

1 subscribers. Comcast has even acknowledged that Entertainment Studios' channels
2 are good enough for carriage on its television platforms.

3 76. Pursuant to the MOUs, Comcast has launched two supposedly African
4 American-owned channels. But, by design, these channels are not 100%, or even
5 majority-owned/controlled, by African Americans.

6 77. The African American-owned channels that Comcast has launched are
7 backed and controlled by white-owned businesses. Comcast has given African
8 American celebrities token ownership interests in those channels to serve as
9 figureheads in order to cover up its racial discrimination in contracting.

10 78. Entertainment Studios did not know that Comcast was using the MOUs
11 as a vehicle to perpetuate racial discrimination in contracting until recently. In
12 November 2014, Entertainment Studios first discovered that Comcast had set up
13 dual paths for negotiating for carriage (one for white-owned media and one for
14 African American-owned media) when it was told by Comcast that it would be
15 relegated to the MOU/Minority Process.

16 79. In November 2014, a Comcast executive told Entertainment Studios
17 that although its channels were good enough for carriage on Comcast's platform,
18 Entertainment Studios would have to wait to be part of the "next round of [MOU]
19 considerations," *i.e.*, the MOU/Minority Process. In other words, Comcast told
20 Entertainment Studios that it would consider contracting to carry Entertainment
21 Studios' channels only to the extent that the carriage agreement would satisfy
22 Comcast's obligation to launch minority-owned networks pursuant to the MOUs.
23 But the MOU/Minority Process has never resulted in the launch of 100% African
24 American-owned channels.

25 80. Entertainment Studios is restricted to applying for carriage with
26 Comcast via the MOU/Minority Process not because of the nature of its channels—
27 which are broad market with global appeal, and do not target African American
28 viewers—but because it is 100% African American-owned. But for the existence of

1 the MOUs, it is reasonably probable that Comcast would have contracted with
2 Entertainment Studios for carriage.

3 81. For racial reasons alone, Entertainment Studios is forced to participate
4 in a discriminatory process. This is racial discrimination in contracting, which
5 constitutes a violation of 42 U.S.C. § 1981.

6 82. The MOUs enable Comcast to tout a non-existent “commitment” to
7 racial diversity, without granting 100% African American–owned media access to
8 Comcast’s national television platform. All the MOUs have done is allow Comcast
9 to legitimize its racist policies and practices so it can continue to refuse to do
10 business with 100% African American–owned media.

11 83. According to Comcast, Entertainment Studios must go through the
12 MOU/Minority Process for obtaining channel carriage. This prevents 100% African
13 American–owned media businesses, like Entertainment Studios, from being treated
14 fairly and equally to their white-owned/controlled counterparts.

15 84. The MOUs thus enhance Comcast’s discriminatory practices against
16 100% African American–owned channels. Comcast has used the MOUs to create a
17 segregated and unequal path for 100% African American–owned channels to
18 contract.

19 85. By contrast, white-owned media companies are able to contract with
20 Comcast for carriage at any time via the White Process. Comcast refuses to contract
21 with 100% African American–owned media companies—such as Entertainment
22 Studios—through the White Process. The MOU/Minority Process constitutes
23 intentional discrimination on its face.

24 86. In addition to these racial restrictions, Entertainment Studios faces
25 further inequities in the terms and conditions Comcast offers to the channels it
26 chooses through the MOU/Minority Process. Comcast has historically offered
27 shorter-term deals and little, if any, in licensing fees to the channels it launches
28 through the MOU/Minority Process. These less favorable contracting terms make it

1 difficult—if not impossible—for the channels launched through the MOU/Minority
2 Process to succeed.

3 87. By its words and actions, Comcast has made clear that it does not want
4 to, and will not, contract with Entertainment Studios—the only 100% African
5 American owned program provider/multi-channel owner in the country—unless
6 government regulators force Comcast to do so.

7 88. Comcast has used other phony excuses to justify its racial
8 discrimination. For example, it claims that it does not have the bandwidth to
9 accommodate Entertainment Studios' channels or that it is not a buyer of new
10 channels. But it has entered into carriage agreements with other, similarly situated
11 white-owned channels.

12 89. Comcast further claims that there is no demand for Entertainment
13 Studios' channels, but that is belied by the facts: Entertainment Studios' channels
14 are distributed by other national television providers who are competitors of
15 Comcast; and Entertainment Studios' Justice Central network has shown
16 tremendous ratings growth.

17 90. Comcast also claims that it is interested in adding carriage only for
18 news and sports channels. This is yet another phony excuse. Comcast has added
19 other, non-news, non-sports channels while simultaneously refusing to contract with
20 Entertainment Studios.

21 91. Comcast's refusal to contract with 100% African American-owned
22 media, its implementation of dual paths for carriage (*i.e.*, one path for white-owned
23 media and a separate "MOU/Minority Process" for African-American owned
24 media), and its pretextual excuses evidence racist policies and practices in violation
25 of Section 1981.

26 **C. Comcast's Racial Animus**

27 92. A major television channel distributor, like Comcast, has unique power
28 to limit the viewpoints available in the public media. Comcast limits the diversity of

1 television programming available to its subscribers by refusing to contract with
2 100% African American–owned media.

3 93. Comcast rejects 100% African American–owned channel vendors in
4 favor of white-owned channel vendors. As set forth above, Comcast blocks entry
5 into its television platform for 100% African American–owned media.

6 94. Entertainment Studios has been trying for more than six years to
7 contract with Comcast for carriage of one or more of Entertainment Studios’ seven
8 channels. Comcast has refused and strung Entertainment Studios along.

9 95. On one of the many occasions on which Entertainment Studios reached
10 out to Comcast, a Comcast executive stated that Comcast was “not going to create
11 any more Bob Johnsons.” In other words, Comcast stated it did not want to see
12 another 100% African American–owned media company and channel owner, like
13 Mr. Johnson, succeed.

14 96. By this lawsuit, Plaintiffs seek the same treatment in contracting for
15 Entertainment Studios as Comcast provides to white-owned channels; and
16 Entertainment Studios seeks damages as a result of racial discrimination in
17 contracting.

18 **D. The Comcast / Time Warner Cable Merger**

19 97. In February 2014, Comcast announced plans to acquire Time Warner
20 Cable for \$45 billion. The deal was approved by the boards of both companies, but
21 as with the Comcast/NBC-Universal transaction, it faces regulatory approval by the
22 FCC and the Department of Justice.

23 98. Time Warner Cable currently provides cable television service to
24 approximately 12 million subscribers. If the merger is approved by regulators, the
25 combined Comcast and Time Warner Cable entity will serve approximately 30
26 million customers.

27 99. Post-merger, Comcast will control a huge percentage of the market for
28 television channel distribution and broadband internet. It will have an even larger

1 market share than AT&T will have if AT&T completes its pending acquisition of
2 DirecTV.

3 100. This pay-TV merger, like the proposed AT&T acquisition of DirecTV,
4 will result in more consolidation (and thus fewer options) in the industry. This
5 affects not only subscribers, but also 100 % African American–owned channels.

6 101. In many cities where Comcast and Time Warner Cable have a share of
7 the television distribution market, African Americans comprise a large part of the
8 population. However, the availability of channels wholly owned by African
9 Americans on Comcast’s and Time Warner Cable’s systems does not remotely
10 reflect either company’s subscriber base or viewership makeup.

11 102. Although Comcast’s and Time Warner Cable’s African American
12 subscribers pay billions of dollars in yearly subscriber fees, Comcast and Time
13 Warner Cable spend a combined \$25 billion per year licensing channels and
14 advertising their services, with less than \$3 million being paid to 100% African
15 American–owned media for either channel carriage or advertising.

16 103. Channel owners, like Entertainment Studios, are reliant upon the
17 services of television channel distributors, like Comcast and Time Warner Cable,
18 not only to realize television subscriber revenue, but also to reach television
19 consumers themselves. By virtue of its control over the television distribution
20 platform, Comcast effectively has control over the programming available to
21 television viewers. If Comcast gets even bigger by acquiring Time Warner Cable, it
22 will effectively control the channels and programs available to one-third of
23 television viewers in the United States. Thus, if Comcast and Time Warner Cable
24 continue to refuse to contract with 100% African American–owned media, they can
25 prevent 100% African American–owned channels from reaching their 30 million
26 subscribers.

27 104. Presently, Comcast spends upwards of approximately \$11 billion in
28 channel carriage fees each year. Time Warner Cable spends approximately \$9

1 billion in channel carriage fees each year. If Comcast's bid is approved, of the
2 almost \$20 billion spent for channel carriage by the combination of Comcast and
3 Time Warner Cable, less than \$3 million per year will be used to license (and
4 broadcast to Comcast and Time Warner Cable's 30 million subscribers) channels
5 from 100% African American-owned media. Meanwhile, Comcast and Time
6 Warner Cable will continue to collect billions of dollars from television subscribers
7 annually, a substantial portion coming from African Americans.

8 105. Comcast's 30% market share post-merger will include 16 of the top 20
9 advertising markets, including Los Angeles, New York and Chicago. Yet of the
10 approximately \$4 billion a year spent on television advertising by Comcast and
11 Time Warner Cable, less than \$3 million per year will be paid to 100% African
12 American-owned media.

13 106. There is a statistic that highlights the inequity here: Comcast's
14 Chairman, Brian L. Roberts, was paid \$31 million in compensation in 2013 alone—
15 ten times more than all of Comcast paid to 100% African American-owned media
16 for channel carriage and advertising combined during the same period.
17 Additionally, the CEO of Time Warner Cable during the same period (2013) was
18 paid approximately \$118 million, or more than 39 times the amount all of Time
19 Warner Cable paid to 100% African American-owned media for channel carriage
20 and advertising.

21 107. Entertainment Studios is being discriminated against on account of race
22 in connection with contracting in violation of the Civil Rights Act. Without access
23 to viewers and without licensing fees and advertising revenues from the largest
24 video programming distributors in the country, this 100% African American-owned
25 media business is being severely damaged.

1 **FIRST CAUSE OF ACTION: VIOLATION OF CIVIL RIGHTS**

2 **(42 U.S.C. § 1981)**

3 **NAAAOM and Entertainment Studios Against Comcast & Time Warner Cable**

4 **A. Section 1981**

5 108. NAAAOM refers to and incorporates by reference each foregoing and
6 subsequent paragraph of this Complaint as though fully set forth herein.

7 109. Section 1981 of the Civil Rights Act, known as the Civil Rights Act of
8 1866, provides for the equality of citizens of the U.S. and prohibits racial
9 discrimination in, among other things, contracting.

10 110. African Americans are a protected class under Section 1981.
11 Entertainment Studios is a 100% African American-owned media business.

12 111. As alleged herein, Entertainment Studios attempted many times over
13 many years to contract with Comcast to carry its channels, but Comcast has refused,
14 providing a series of fraudulent, pretextual excuses. Yet Comcast has continued to
15 contract with—and make itself available to contract with—similarly situated white-
16 owned television channels.

17 112. Comcast has refused to contract with Entertainment Studios for channel
18 carriage and advertising. Entertainment Studios has been deprived of the right to
19 contract with Comcast by being relegated to the MOU/Minority Process, while
20 white-owned businesses have been afforded the right to contract with Comcast
21 through the more accessible White Process.

22 113. Comcast has dealt with Entertainment Studios in a markedly hostile
23 manner and in a manner which a reasonable person would find discriminatory.

24 114. Time Warner Cable has likewise refused to contract with Entertainment
25 Studios for channel carriage and advertising. In light of the pending merger
26 between Comcast and Time Warner Cable, Time Warner Cable has delegated
27 channel carriage decision-making authority to Comcast. Accordingly, Time Warner
28 Cable engages in the same discriminatory conduct constituting a violation of 42

1 U.S.C. § 1981 as does Comcast. Time Warner Cable has adopted and agreed with
 2 Comcast's racist policies and practices in connection with contracting for channel
 3 carriage, including the dual paths for carriage (*i.e.* the White Process vs. the
 4 MOU/Minority process). After Comcast demanded to know who Entertainment
 5 Studios was talking to at Time Warner Cable to get channel carriage, Time Warner
 6 suddenly closed the door (at the instruction of Comcast) on negotiations and shut
 7 out Entertainment Studios.

8 **B. Damages**

9 115. But for Comcast's refusal to contract with Entertainment Studios,
 10 Entertainment Studios would receive approximately \$378 million in annual license
 11 fees for its seven channels—calculated using a conservative license fee of fifteen
 12 cents per subscriber per month for each channel for Comcast / Time Warner Cable's
 13 30 million subscribers. If Defendants contracted in good faith, Entertainment
 14 Studios would also receive an estimated \$200 million per year, per channel, in
 15 national advertising sales revenue, or a total of \$1.4 billion per year, equaling a
 16 combined total of \$1.8 billion in annual revenue.

17 116. Combining subscriber fees and advertising revenue, Entertainment
 18 Studios would generate approximately \$1.8 billion in annual revenue from its
 19 carriage and advertising contracts with Comcast / Time Warner Cable. Moreover,
 20 with distribution on the largest television platform in the nation, the demand for
 21 Entertainment Studios' channels both domestically and internationally would
 22 increase, leading to additional growth and revenue for Entertainment Studios'
 23 channels.

24 117. Based on the revenue Entertainment Studios would generate if
 25 Defendants contracted with them in good faith, Entertainment Studios would be
 26 valued at approximately \$20 billion.

27 118. Similarly-situated lifestyle and entertainment media companies are
 28 valued at higher amounts. But for Comcast's and Time Warner Cable's refusal to

1 contract with Entertainment Studios, Entertainment Studios would have a similar
2 valuation.

3 119. Accordingly, Comcast's unlawful discrimination has caused
4 Entertainment Studios in excess of \$20 billion in damages, according to proof at
5 trial; plus punitive damages for intentional, oppressive and malicious racial
6 discrimination.

7 **SECOND CAUSE OF ACTION: CONSPIRACY TO VIOLATE 42 U.S.C.**

8 **§ 1981**

9 **(42 U.S.C. 1985(3))**

10 **By NAAAOM and Entertainment Studios Against Comcast, NAACP, National**
11 **Urban League, Al Sharpton, National Action Network, and Meredith Attwell**
12 **Baker**

13 120. NAAAOM refers to and incorporates by reference each foregoing and
14 subsequent paragraph of this Complaint as though fully set forth herein.

15 121. As set forth above, Comcast has violated 42 U.S.C. § 1981 by
16 discriminating against Entertainment Studios on account of race in connection with
17 contracting. Comcast has refused to contract with Entertainment Studios for
18 channel carriage and advertising. Entertainment Studios has been deprived of the
19 right to contract with Comcast by being relegated to the MOU/Minority Process,
20 while white-owned businesses have been afforded the right to contract with
21 Comcast through the more accessible White Process.

22 122. As described above, Defendants NAACP, National Urban League, Al
23 Sharpton, National Action Network and Meredith Attwell Baker acted as co-
24 conspirators by accepting cash payments, jobs and other favors from Comcast in
25 exchange for their public support and approval of Comcast's racist policies and
26 practices in contracting for channel carriage. In particular, Defendants intentionally
27 agreed and conspired with each other to discriminate on the basis of race against
28 100% African American-owned media in connection with contracting, in violation

1 of 42 U.S.C. § 1981. In furtherance of the conspiracy and to accomplish the goals
 2 of the conspiracy, Defendant Baker voted in favor of the Comcast / NBC-Universal
 3 merger and Defendants entered into sham MOUs, as set forth above. Defendants
 4 knew and agreed that Comcast intended to use the MOUs to discriminate against
 5 100% African American–owned media companies in contracting for channel
 6 carriage by creating a separate path for carriage.

7 123. As set forth above, Defendants were motivated by racial animus.

8 124. As a direct and proximate result of the aforementioned conduct,
 9 Entertainment Studios has suffered damages in excess of \$20 billion in damages,
 10 according to proof at trial; plus punitive damages for intentional, oppressive and
 11 malicious racial discrimination.

12 **PRAYER FOR RELIEF**

13 **WHEREFORE**, Plaintiffs pray for judgment, as follows:

- 14 1. Plaintiff Entertainment Studios prays for compensatory, general and
 15 special damages in excess of \$20 billion according to proof at trial;
- 16 2. Plaintiffs NAAAOM and Entertainment Studios pray for injunctive
 17 relief prohibiting Comcast from discriminating against 100% African
 18 American–owned media companies, including Entertainment Studios,
 19 based on race in connection with contracting for carriage and
 20 advertising;
- 21 3. Plaintiff Entertainment Studios prays for punitive damages, based on
 22 oppression and malice, according to Defendants’ net worth;
- 23 4. Plaintiff Entertainment Studios prays for attorneys’ fees, costs and
 24 interest; and
- 25 5. Plaintiffs NAAAOM and Entertainment Studios pray for such other
 26 and further relief as the court deems just and proper.

MILLER BARONDESS, LLP

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DATED: February 20, 2015

Respectfully Submitted,

MILLER BARONDESS, LLP

By: /s/Louis R. Miller

LOUIS R. MILLER

Attorneys for Plaintiffs

DEMAND FOR JURY TRIAL

Plaintiffs hereby demand trial by jury pursuant to the Seventh Amendment of the United States Constitution.

DATED: February 20, 2015

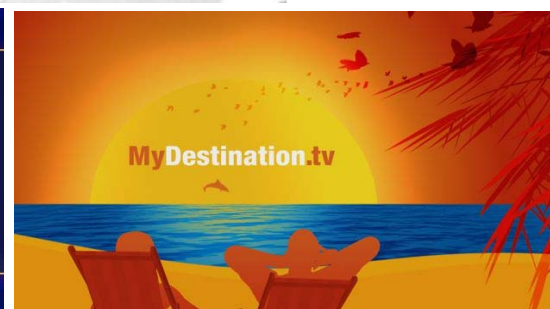
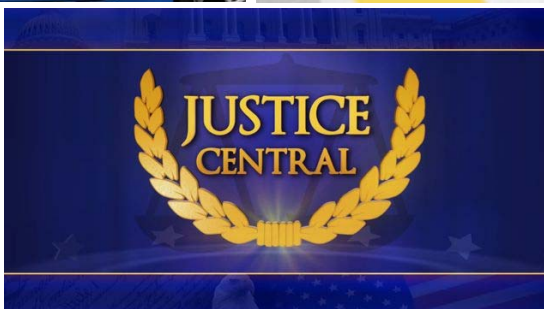
MILLER BARONDESS, LLP

By: /s/ Louis R. Miller
LOUIS R. MILLER
Attorneys for Plaintiffs

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EXHIBIT A

Entertainment Studios Networks

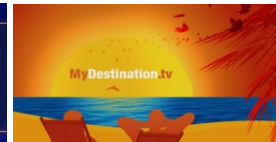


Explore Your Passions

Executive Summary

Your 360 Cross-Platform Revenue Generating Partner

- Unencumbered 360-degree distribution and licensing strategy for our distributor partners, including linear, video-on-demand, and TV Everywhere to reach your customers on all screens within your footprint.
- Seven networks in 100% native HD featuring original content 24/7 around networks that are clearly defined, and relevant to your subscribers' passions.
- Foster competition and reduce content costs.
- Leverage ESN's library of over 5,000 hours of original programming.
- Capitalize on businesses that spend over \$39-billion on media promoting categories our networks represent.



The Leader In Television Production

Founded in 1993 by Byron Allen, Entertainment Studios is the largest independent producer/distributor of television programming, with seven 24/7 HD networks and a library of over 5,000 hours of original content.



Value-Priced Passion Networks Offered By Over 50 Distributors



CARIBBEAN BROADCASTING CORPORATION



CEDAR FALLS UTILITIES
The Power of Service



Buckeye CableSystem



Electric
Cable Television
High Speed Internet



Value-Priced Passion Networks Offered By Over 50 Distributors



columbus
business solutions



columbus
networks

Award Winning Court Television



Justice Central - The Home of Emmy Nominated Court Programming

Justice Central – A new, around-the-clock HD legal and news cable network targeting court programming and justice fans, featuring the biggest names in law.

- Launched December 10, 2012, Justice Central presents trials and live coverage and analysis of the nation's biggest trials.
- The only cable network destination to feature the second most popular genres in daytime television.
- Target audience:
 - Primary: Adults 25-54.
 - Secondary: Adults 35+.
- Our mission is to provide compelling HD legal and news programming, featuring the biggest names and cases in law, targeting ~30M avid Court viewers.



The Unstoppable Judges From Entertainment Studios



America's Court with Judge Ross

Premiered 2010-11

America's Court with Judge Ross is the next generation in Court shows. Judge Ross shows litigants how they can responsibly deal with their disputes and understand the consequences of their actions.



We The People with Gloria Allred

Premiered 2011-12

The biggest name in law has assumed the gavel in **We The People with Gloria Allred**. Gloria Allred has been the real life advocate and leader in conflict resolution, and now she is the star of an explosive Court show.



Justice For All with Judge Cristina Perez

Premiered 2012-13

Three-time Emmy Award winner Cristina Perez is back on the bench in **Justice For All with Judge Cristina Perez**. Cristina is the ultimate crossover host, who appeals to young and old audiences everywhere.



Supreme Justice with Judge Karen

Premiered 2013-14

Judge Karen practiced criminal defense law in Miami for 13 years in the Office of the Public Defender, as well as in private practice. Judge Karen Mills-Francis is known for her feisty, full-of-life personality and passionate advocacy for families and children.



Justice With Judge Mablean

Premiered 2014-15

A former prosecuting attorney and long-time fan favorite, Judge Mablean Ephriam can bring a courtroom to laughter with her tell-it-like-it-is approach. She is well-known for playing the judge in Tyler Perry's *Madea* comedies and a seven year stint on *Divorce Court*.

Home of the Emmy Winner For Outstanding Lifestyle Program



Buckle Up For The Passion Of Cars.TV

Cars.TV features adrenaline pumping programming about the best cars the automotive industry has to offer:

- A showcase of the top collectors.
- Top of the line car shows.
- The most luxurious private collections.
- Popular car auctions, custom garages, races and much, much more.



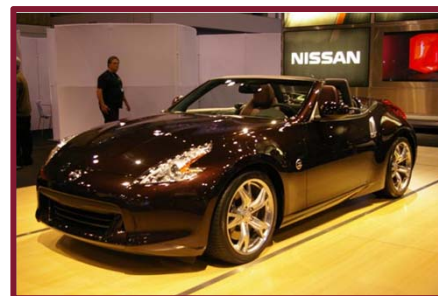
Private Collections

Jay Leno
Jerry Seinfeld
John Cena



Auctions

Barrett Jackson
Manheim Bonhams



Car Shows

Concours d' Elegance
Detroit
Paris



Car Enthusiasts Are Well Established

Cars.TV's core demographics consist of:



- Adults 35-64.
- College degree / post graduates.
- Have significant buying power; household income averages \$93,000/year.
- More likely to own their homes.
- Core audience presents growth opportunities.

Accelerate Your Local Automotive Advertising Revenue With Cars.TV

- Cars.TV's content aligns with companies that spend over \$15-billion per year on advertising.
- Automotive is the #1 category by spend – 11% of the total ad market.



- Car dealerships account for more than \$3.5-billion in local television advertising, making it the top category for local ad sales.
- The average family spends over 13% of their total expenditures on automotive/transportation; \$11,450 annually.

Sources: WPP's TNS Media Intelligence (www.tns-mi.com). Spending based on TNS's 18 measured media. Numbers rounded. Categories are aggregated from TNS classifications by Ad Age Data Center. U.S. Department of Labor statistics – consumer spending



The image features the Comedy.tv logo in a bold, blue, 3D-style font. The dot of the period is a solid red circle. The background is a light gray with various paint splatters in blue, orange, yellow, and black. The text "Comedy.tv" is centered horizontally.

Comedy.tv

PURE LAUGHTER

Network Audiences Like To Laugh

Comedy.TV's core audience:



Will Ferrell

- Adults 18-49.
- Comedy programming yields an ethnically balanced audience.
- Reaches high income households \$100,000/year+.
- Presents an opportunity to upsell subscribers.
- Target and convert competitors' subscribers.
- Audience shows heavy intent to purchase electronics and home entertainment products and services.

Unprecedented Access To Talent

Comedy.TV has already shot a 500+ comedians in HD, and has identified over 2,000 comedians to feature in future productions.

Eddie Murphy Sinbad Lisa Lampanelli Jim Carrey Jeff Richards
Chelsea Handler Tom Arnold Will Ferrell Ty Barnett Lisa Ann Walter Godfrey
Adam Sandler Pauley Shore Todd Green Tom Glass Norm MacDonald
Brad Garrett Jon Lovitz Angela Means Steve Carell T Rexx Sheryl Underwood
Bernadette Pauley Robin Williams Dean Edwards Pedro Hernandez
Tina Fey Wali Collins Sabrina Matthews Amy Poehler George Wallace
Wayne Brady Damon Wayans Jeff Ross Kim Coles Raynaldo Ray
Dana Eagle Dennis Miller Adam Carolla Pierre Kevin James
Mike Myers Jimmy "JJ" Walker Margaret Cho Eric Lyden Robert Wuhl
Harland Williams Dane Cook Kevin Pollack Mario Joyner Rebecca Corey
Howie Mandel Mike Epps Tommy Davidson Ralphie May Mo'Nique

Original Stand Up, Talk Shows, And Dating Shows



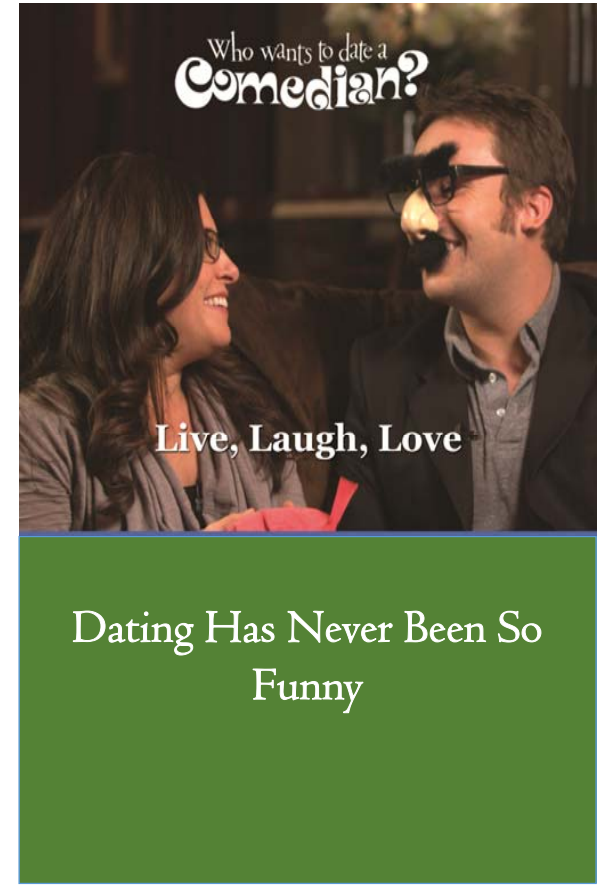
Comedy.TV

Featuring the world's funniest stand ups



Comics Unleashed

The talk show where the biggest names in comedy hosted by Byron Allen



Who Wants To Date A Comedian?

The hottest new dating show

Original Sitcom – Mr. Box Office

The biggest movie star in the world is sentenced to teach for a year at South Central High School.



Bill Bellamy
Marcus Jackson



Jon Lovitz
Bobby Gold



Vivica A. Fox
Casandra Washington



Tim Meadows
Principal Martin



Gary Busey
John Anderson



Rick Fox
Andrew Thompson

Original Sitcom – The First Family

The First Family is a sitcom set in the most famous home in the world, the White House.



Christopher B. Duncan
President William Johnson



Kellita Smith
First Lady Katherine Johnson



Jack'ee Harry
Pauletta



Marla Gibbs
Grandma Eddy



John Witherspoon
Grandpa Alvin



Gladys Knight
Grandma Carolyn

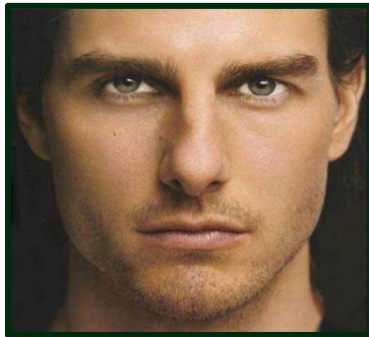


ES.TV

Your Ticket To The Red Carpet

There Is An Insatiable Appetite For Movie Stars And Entertainment News

- **ES.TV gives your subscribers unlimited access to the red carpet, breaking entertainment news, and behind-the-scenes of today's blockbusters with A-list stars.**



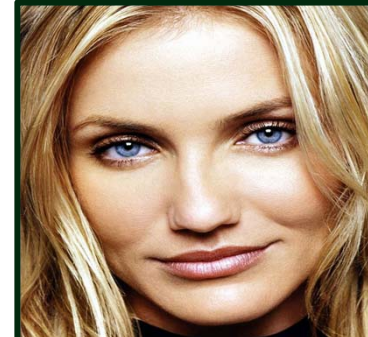
Tom Cruise



Julia Roberts



Denzel Washington



Cameron Diaz



Gabrielle Union



Johnny Depp



Salma Hayek



John Travolta

Celebrity And Entertainment Programming Offers Unique Opportunities

- ES.TV's core audience has broad appeal:
 - Core demo: 18-44.
 - Over indexes with multicultural audiences.
 - High income: \$50K - \$250K.
 - More likely to subscribe to cable & advanced services.

Race	Vertical	Index
Black / African American	14.3%	129
Asian	3.6%	112
Other – non-Hispanic	3.8%	114

Exclusive Original Entertainment Programming

ES.TV

- The daily celebrity magazine show featuring behind-the-scenes, up-close and personal interviews, and up to the minute entertainment news.

The Gossip Queens

- A nightly gossip show hosted by comedians Loni Love, Bernadette Pauley, Alec Mapa and Michelle Collins.

Entertainers with Byron Allen

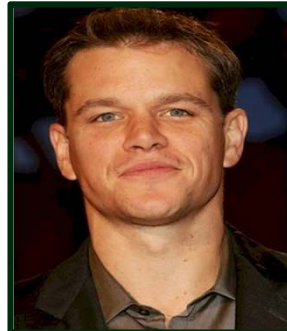
- Conversations with the biggest names in Hollywood.



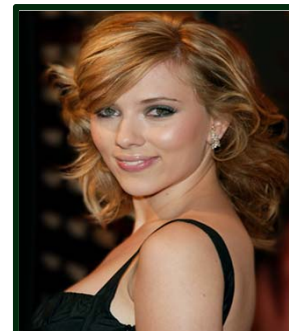
Leonardo DiCaprio



Halle Berry



Matt Damon



Scarlett Johansson



Escape And Indulge With MyDestination.TV

- My Destination.TV is your invitation to vacation retreats for couples or the whole family. Escape and indulge with amazing destinations all over the planet.
- Travel enthusiasts over index in the following categories:
 - Core demo: 25-54.
 - More likely to be married: 58.2%.
 - All high income categories \$25K - \$250K +.
 - Home ownership.
 - Advanced and bundled services.



Scarborough Prime Lingo. Respondents: 49,839.
Target: watched Travel Channel last week or 5+ domestic air trips or 3+ foreign trips past 3 years

MyDestination.tv

Amazing Estates And Breathtaking Resorts

Beautiful Homes & Great Estates

Beautiful Homes & Great Estates features fabulous homes and amazing estates from around the world. The show profiles the owners, architects and decorators as they share with us their passion for living life at its very best.



MyDestination.TV

MyDestination.TV is your invitation to the most exclusive vacation retreats around the world! We'll take you to luxury hotels and hideaways, and to the best in spa escapes.



Celebrate A Member Of The Family



The First And Only 24-Hour Domestic Pet Network

- Pets.TV speaks to a passion that millions consider family.
- Programming that features a wide variety of household pets.
- Expert insights into pet care, pet health, and pet lifestyles.



More Than 54% Of U.S. Households Own A Pet

Pet ownership over indexes with younger demos and families:

- Core demo: 18-54.
- Income: \$50,000 - \$150,000.
- 58% of pet owners are married.
- Over index on advanced levels of education.
- Dual incomes and own their homes.
- Pet owners over index with satellite subscribers – an opportunity to pick up subscribers.
- Most pet owners represent more than three people in the household.
- Tech driven.
- More likely to buy advanced services.
- Pet owners do not use a cable provider for long distance, presenting an opportunity to market bundles.



Pets.TV Original Series

Just Ask The Pet Vet

Just Ask The Pet Vet is the interactive program that provides viewers with the absolutely best advice from the experts.

Animal Control Patrol

Animal Control Patrol serves behind-the-scenes action with the government boards that save animals, and keep neighborhoods safe.

The Pet Chef

The Pet Chef dishes up nutritious and delicious food for your pets. Learn how to make your pet's life healthier and happier.

For The Love of Animals

For The Love of Animals highlights the diversely different ways that humans and animals coexist and interact; some are infectiously funny, others humanely heartwarming and all are inherently informative.

Pets.TV Original Series

The Pet Biz

- A look at the most successful and exotic pet shops in America. Find out from the pros the new toys, food, gadgets and healthcare options that are available for purchase at pet stores.



All About Dogs

- *All About Dogs* features our host and panel of experts interacting with everyday people who have a chance to show off their dogs and get advice from the experts on how to make their dog's life better.

All About Cats

- *All About Cats* features our host and panel of experts interacting with everyday people who have a chance to show off their cats and get advice from the experts on how to make their cat's life better.



A Day In The Life

- *A Day In The Life* exposes viewers to a wide array of animals that people have at home. Experts deliver the do's and don'ts of pet care, and where to spend your dollars wisely on the "other" member of the family.



Spice Up Your Life

Your Private Lessons With The World's Greatest Chefs

- Recipe.TV is an interactive experience for viewers, taking you into the kitchens of the finest culinary artists.
- Renowned chefs select their signature recipes that both amaze and inspire.
- Entertainment Studios productions take you on location to the best resorts and restaurants all over the globe.



Recipe.TV Has A Recipe For Everyone

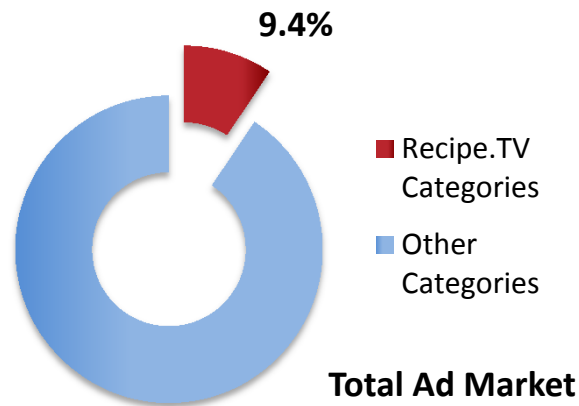
- Adults 35-64 make up a majority of the food programming viewership.
- Household income: \$50,000 - \$150,000+.
- Over-indexes with ethnic profiles.
- Core audience are home owners.
- Subscribe to cable and advanced video services.
- Over-index in TV consumption across most genres.
- Over-indexes with most cable internet service providers.



Wolfgang Puck

Recipe.TV Has A Recipe For Everyone

- Recipe.TV's content is directly tied to businesses that spend more than \$13-billion annually on advertising.
 - Food and Beverage businesses spend \$7.8-billion annually.
 - Restaurants spend \$5.6-billion per year.
 - Combined, these categories make up 9.4% of the total advertising market.



- The entire food industry is a \$1.25-trillion business.
 - \$1.5-billion in restaurant sales per day.
 - Over \$550-billion in super market revenues.
 - A retail business (cookware, books, etc.) approaching \$500-million per year in sales.

Sources: WPP's TNS Media Intelligence(www.tns-mi.com). Spending based on TNS's 18 measured media. Numbers rounded. Categories are aggregated from TNS classifications by Ad Age Data Center; Plunkett Research; restaurant.org; US Census Bureau

RECIPE.TV

Networks For The Biggest Ad Categories

Entertainment Studios' networks and programming are designed for lucrative advertising sales categories that represent **\$39 billion** per year in television ad spend.

- Automotive
- Entertainment
- Food & Restaurants
- Legal Services
- Pet Goods & Services
- Travel



Entertainment Studios' Networks Offer 100% Authentication Rights

- Deliver the ESN TV Everywhere experience.
- Utilize programming with no rights encumbrances to up-sell customers to new platform subscriptions.



Online



Mobile



On Demand



Social Networks

Entertainment Studios Offers Video On Demand Content Across 30 Series



Executive Summary

Your 360 Cross-Platform Revenue Generating Partner

- Unencumbered 360-degree distribution and licensing strategy for our distributor partners, including linear, video-on-demand, and TV Everywhere to reach your customers on all screens within your footprint.
- Seven networks in 100% native HD featuring original content 24/7 around networks that are clearly defined, and relevant to your subscribers' passions.
- Foster competition and reduce content costs.
- Leverage ESN's library of over 5,000 hours of original programming.
- Capitalize on businesses that spend over \$39-billion on media promoting categories our networks represent.



Technical Information

Galaxy 13
MUX MPEG 4
L-band FREQ 990MHz
Downlink FREQ 4160 MHz Vertical
Uplink FREQ 6385 MHz Horizontal
Data rate/symbol 30 Msyps
VCT 964
FEC 5/6
Polarity: Vertical
TR: 23C
Channels
1 – Justice Central
2 – Comedy.TV
3 – Recipe.TV
4 – Cars.TV
5 – Pets.TV
6 – My Destination.TV
7 – ES.TV

ESN is DVP-S2/8PSK MPEG 4 MUX on a Motorola Modular System

Equipment Options
Motorola DSR – 4410MD

Contact Encompass Digital Media
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